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COMMITTEE PRINT

NATIONAL SECURITY ACT OF 1947

(Public Law 253, 80th Congress, approved July 26, 1947)

WITH AMENDMENTS TO INCLUDE

THE NATIONAL SECURITY ACT AMENDMENTS OF 1949

(Public Law 216, 81st Congress, approved August 10, 1949)

(See note following section 411, page 28)



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NATIONAL SECURITY ACT OF 1947

(Public Law 253, Eightieth Congress, July 26, 1947)

(With amendments prior to September 1, 1949)

SHORT TITLE

That this Act may be cited as the "National Security Act of 1947."

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DECLARATION OF POLICY

As amended by
sec. 2, Public
Law 216, 81st
Cong., August
10, 1949.

SEC. 2. In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide three military departments, separately administered, for the operation and administration of the Army, the Navy (including naval aviation and the United States Marine Corps), and the Air Force, with their assigned combat and service components; to provide for their authoritative coordination and unified direction under civilian control of the Secretary of Defense but not to merge them; to provide for the effective strategic direction of the armed forces and for their operation under unified control and for their integration into an efficient team of land, naval, and air forces but not to establish a single Chief of Staff over the armed forces nor an armed forces general staff (but this is not to be interpreted as applying to the Joint Chiefs of Staff or Joint Staff).

TITLE I—COORDINATION FOR NATIONAL SECURITY

NATIONAL SECURITY COUNCIL*

SEC. 101. (a) There is hereby established a council to be known as the National Security Council (hereinafter in this section referred to as the "Council").

As amended by
sec. 3, Public
Law 216, 81st
Cong., August
10, 1949.

The President of the United States shall preside over meeting of the Council: *Provided*, That in his absence he may designate a member of the Council to preside in his place.

The function of the Council shall be to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security so as to enable the military services and the other departments and agencies of the Government to cooperate more effectively in matters involving the national security.

The Council shall be composed of—

- (1) the President;
- (2) the Vice President;
- (3) the Secretary of State;
- (4) the Secretary of Defense;
- (5) the Chairman of the National Security Resources Board; and

*The National Security Council was formally located within the Executive Office of the President by Reorganization Plan 4 of 1949, effective August 20, 1949.

(6) the Secretaries and Under Secretaries of other executive departments and of the military departments, the Chairman of the Munitions Board, and the Chairman of the Research and Development Board, when appointed by the President by and with the advice and consent of the Senate, to serve at his pleasure.

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1947.

(b) In addition to performing such other functions as the President may direct, for the purpose of more effectively coordinating the policies and functions of the departments and agencies of the Government relating to the national security, it shall, subject to the direction of the President, be the duty of the Council—

(1) to assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power, in the interest of national security, for the purpose of making recommendations to the President in connection therewith; and

(2) To consider policies on matters of common interest to the departments and agencies of the Government concerned with the national security, and to make recommendations to the President in connection therewith.

(c) The Council shall have a staff to be headed by a civilian executive secretary who shall be appointed by the President, and who shall receive compensation at the rate of \$10,000 a year. The executive secretary, subject to the direction of the Council, is hereby authorized, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

(d) The Council shall, from time to time, make such recommendations, and such other reports to the President as it deems appropriate or as the President may require.

CENTRAL INTELLIGENCE AGENCY ¹

Act of July 26,
1947.

SEC. 102. (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence, who shall be the head thereof. The Director shall be appointed by the President, by and with the advice and consent of the Senate, from among the commissioned officers of the armed services or from among individuals in civilian life. The Director shall receive compensation at the rate of \$14,000 a year.

¹ Administration of the Central Intelligence Agency provided for by the act of June 20, 1949 (Public Law 110, 81st Cong.).

(b) (1) If a commissioned officer of the armed services is appointed as Director then—

(A) in the performance of his duties as Director, he shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were a civilian in no way connected with the Department of the Army, the Department of the Navy, the Department of the Air Force, or the armed services or any component thereof; and

(B) he shall not possess or exercise any supervision, control, powers, or functions (other than such as he possesses, or is authorized or directed to exercise, as Director) with respect to the armed services or any component thereof, the Department of the Army, the Department of the Navy, or the Department of the Air Force, or any branch, bureau, unit or division thereof, or with respect to any of the personnel (military or civilian) of any of the foregoing.

(2) Except as provided in paragraph (1), the appointment to the office of Director of a commissioned officer of the armed services, and his acceptance of and service in such office, shall in no way affect any status, office, rank, or grade he may occupy or hold in the armed services, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer shall, while serving in the office of Director, receive the military pay and allowances (active or retired, as the case may be) payable to a commissioned officer of his grade and length of service and shall be paid, from any funds available to defray the expenses of the Agency, annual compensation at a rate equal to the amount by which \$14,000 exceeds the amount of his annual military pay and allowances.

(c) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.

(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

(1) to advise the National Security Council in matters concerning such intelligence activities of the

Government departments and agencies as relate to national security;

(2) to make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using, where appropriate, existing agencies and facilities: *Provided*, That the Agency shall have no police, subpoena, law-enforcement powers, or internal-security functions: *Provided further*, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) To perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

(e) To the extent recommended by the National Security Council and approved by the President, such intelligence of the departments and agencies of the Government, except as hereinafter provided, relating to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies of the Government, except as hereinafter provided, shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination: *Provided, however*, That upon the written request of the Director of Central Intelligence, the Director of the Federal Bureau of Investigation shall make available to the Director of Central Intelligence such information for correlation, evaluation, and dissemination as may be essential to the national security.

(f) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) shall cease to exist; and

(2) The personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appro-

priations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

NATIONAL SECURITY RESOURCES BOARD*

SEC. 103. (a) There is hereby established a National Security Resources Board (hereinafter in this section referred to as the "Board") to be composed of the Chairman of the Board and such heads or representatives of the various executive departments and independent agencies as may from time to time be designated by the President to be members of the Board. The Chairman of the Board shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$14,000 a year.

Act of July 26,
1947.

(b) The Chairman of the Board, subject to the direction of the President, is authorized, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such personnel as may be necessary to assist the Board in carrying out its functions.

(c) It shall be the function of the Board to advise the President concerning the coordination of military, industrial, and civilian mobilization, including—

(1) policies concerning industrial and civilian mobilization in order to assure the most effective mobilization and maximum utilization of the Nation's manpower in the event of war;

(2) programs for the effective use in time of war of the Nation's natural and industrial resources for military and civilian needs, for the maintenance and stabilization of the civilian economy in time of war, and for the adjustment of such economy to war needs and conditions;

(3) policies for unifying, in time of war, the activities of Federal agencies and departments engaged in or concerned with production, procurement, distribution, or transportation of military or civilian supplies, materials, and products;

(4) the relationship between potential supplies of, and potential requirements for, manpower, resources, and productive facilities in time of war;

(5) policies for establishing adequate reserves of strategic and critical material, and for the conservation of these reserves;

(6) the strategic relocation of industries, services, government, and economic activities, the continuous operation of which is essential to the Nation's security.

*The National Security Resources Board was formally located within the Executive Office of the President by Reorganization Plan 4 of 1949, effective August 20, 1949.

(d) In performing its functions, the Board shall utilize to the maximum extent the facilities and resources of the departments and agencies of the Government.

TITLE II—THE DEPARTMENT OF DEFENSE

As amended by
sec. 4, Public
Law 216, 81st
Cong., August
10, 1949.

SEC. 201. (a) There is hereby established, as an Executive Department of the Government, the Department of Defense, and the Secretary of Defense shall be the head thereof.

(b) There shall be within the Department of Defense (1) the Department of the Army, the Department of the Navy, and the Department of the Air Force, and each such department shall on and after the date of enactment of the National Security Act Amendments of 1949 be military departments in lieu of their prior status as Executive Departments, and (2) all other agencies created under title II of this Act.

(c) Section 158 of the Revised Statutes, as amended, is amended to read as follows:

SEC. 158. The provisions of this title shall apply to the following Executive Departments:

First. The Department of State.

Second. The Department of Defense.

Third. The Department of the Treasury.

Fourth. The Department of Justice.

Fifth. The Post Office Department.

Sixth. The Department of the Interior.

Seventh. The Department of Agriculture.

Eighth. The Department of Commerce.

Ninth. The Department of Labor.

Added by sec.
4, Public Law
216, 81st
Cong., August
10, 1949.

(d) Except to the extent inconsistent with the provisions of this Act, the provisions of title IV of the Revised Statutes as now or hereafter amended shall be applicable to the Department of Defense.

THE SECRETARY OF DEFENSE

Act of July 26,
1947.

SEC. 202. (a) There shall be a Secretary of Defense, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate. *Provided*, That a person who has within ten years been on active duty as a commissioned officer in a Regular component of the armed services shall not be eligible for appointment as Secretary of Defense.

As amended by
sec. 5, Public
Law 216, 81st
Cong., August
10, 1949.

(b) The Secretary of Defense shall be the principal assistant to the President in all matters relating to the Department of Defense. Under the direction of the President, and subject to the provisions of this Act, he shall have direction, authority, and control over the Department of Defense.

(c) (1) Notwithstanding any other provision of this Act, the combatant functions assigned to the military services by sections 205 (e), 206 (b), 206 (c), and 208 (f) hereof shall not be transferred, reassigned, abolished, or consolidated.

Added by sec.
5, Public Law
216, 81st
Cong., August
10, 1949.

(2) Military personnel shall not be so detailed or assigned as to impair such combatant functions.

(3) The Secretary of Defense shall not direct the use and expenditure of funds of the Department of Defense in such manner as to effect the results prohibited by paragraphs (1) and (2) of this subsection.

(4) The Departments of the Army, Navy, and Air Force shall be separately administered by their respective Secretaries under the direction, authority, and control of the Secretary of Defense.

(5) Subject to the provisions of paragraph (1) of this subsection no function which has been or is hereafter authorized by law to be performed by the Department of Defense shall be substantially transferred, reassigned, abolished or consolidated until after a report in regard to all pertinent details shall have been made by the Secretary of Defense to the Committees on Armed Services of the Congress.

(6) No provision of this Act shall be so construed as to prevent a Secretary of a military department or a member of the Joint Chiefs of Staff from presenting to the Congress, on his own initiative, after first so informing the Secretary of Defense, any recommendation relating to the Department of Defense that he may deem proper.

(d) The Secretary of Defense shall not less often than semiannually submit written reports to the President and the Congress covering expenditures, work, and accomplishments of the Department of Defense, accompanied by (1) such recommendations as he shall deem appropriate; (2) separate reports from the military departments covering their expenditures, work, and accomplishments; and (3) itemized statements showing the savings of public funds and the eliminations of unnecessary duplications and overlappings that have been accomplished pursuant to the provisions of this Act.

Sec. 202 (b),
act of July 26,
1947, as
amended by
sec. 5, Public
Law 216, 81st
Cong., August
10, 1949.

(e) The Secretary of Defense shall cause a seal of office to be made for the Department of Defense, of such design as the President shall approve, and judicial notice shall be taken thereof.

Sec. 202 (c),
act of July 26,
1947, as
amended by
sec. 5, Public
Law 216, 81st
Cong., August
10, 1949.
Added by sec.
5, Public Law
216, 81st
Cong., August
10, 1949.

(f) The Secretary of Defense may, without being relieved of his responsibility therefor, and unless prohibited by some specific provision of this Act or other specific provision of law, perform any function vested in him through or with the aid of such officials or organizational entities of the Department of Defense as he may designate.

DEPUTY SECRETARY OF DEFENSE; ASSISTANT SECRETARIES OF
DEFENSE; MILITARY ASSISTANTS

Sec. 1, Public
Law 36, 81st
Cong., as
amended by
sec. 6, Public
Law 216, 81st
Cong., August
10, 1949.
See footnote 2.

SEC. 203. (a) There shall be a Deputy Secretary of Defense, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate: *Provided*, That a person who has within ten years been on active duty as a commissioned officer in a Regular component of the armed services shall not be eligible for appointment as Deputy Secretary of Defense. The Deputy Secretary shall perform such duties and exercise such powers as the Secretary of Defense may prescribe and shall take precedence in the Department of Defense next after the Secretary of Defense. The Deputy Secretary shall act for, and exercise the powers of, the Secretary of Defense during his absence or disability.

Added by sec.
6, Public Law
216, 81st
Cong., August
10, 1949.

(b) There shall be three Assistant Secretaries of Defense, who shall be appointed from civilian life by the President, by and with the advice and consent of the Senate. The Assistant Secretaries shall perform such duties and exercise such powers as the Secretary of Defense may prescribe and shall take precedence in the Department of Defense after the Secretary of Defense, the Deputy Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force.

Sec. 203, act of
July 26, 1947,
as amended by
sec. 6, Public
Law 216, 81st
Cong., August
10, 1949.

(c) Officers of the armed services may be detailed to duty as assistants and personal aides to the Secretary of Defense, but he shall not establish a military staff other than that provided for by section 211 (a) of this Act.

CIVILIAN PERSONNEL

As amended by
sec. 6, Public
Law 216, 81st
Cong., August
10, 1949.

SEC. 204. The Secretary of Defense is authorized, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such civilian personnel as may be necessary for the performance of the functions of the Department of Defense other than those of the Departments of the Army, Navy, and Air Force.

DEPARTMENT OF THE ARMY

Act of July 26,
1947.

SEC. 205. (a) The Department of War shall hereafter be designated the Department of the Army, and the title of the Secretary of War shall be changed to Secretary of the Army. Changes shall be made in the titles of other officers and activities of the Department of the Army as the Secretary of the Army may determine.

As amended by
sec. 12 (a),
Public Law

(b) All laws, orders, regulations, and other actions relating to the Department of War or to any officer or

² Title changed from Under Secretary of Defense established by the act of April 2, 1949, Public Law 36, 81st Cong.

activity whose title is changed under this section shall, insofar as they are not inconsistent with the provisions of this Act, be deemed to relate to the Department of the Army within the Department of Defense or to such officer or activity designated by his or its new title.

216, 81st
Cong., August
10, 1949.

(c) The term "Department of the Army" as used in this Act shall be construed to mean the Department of the Army at the seat of government and all field headquarters, forces, reserve components, installations, activities, and functions under the control or supervision of the Department of the Army.

Act of July 26,
1947.

(d) The Secretary of the Army shall cause a seal of office to be made for the Department of the Army, of such design, as the President may approve, and judicial notice shall be taken thereof.

(e) In general the United States Army, within the Department of the Army, shall include land combat and service forces and such aviation and water transport as may be organic therein. It shall be organized, trained, and equipped primarily for prompt and sustained combat incident to operations on land. It shall be responsible for the preparation of land forces necessary for the effective prosecution of war except as otherwise assigned and, in accordance with integrated joint mobilization plans, for the expansion of peacetime components of the Army to meet the needs of war.

DEPARTMENT OF THE NAVY

SEC. 206. (a) The term "Department of the Navy" as used in this Act shall be construed to mean the Department of the Navy at the seat of government; the headquarters, United States Marine Corps; the entire operating forces of the United States Navy, including naval aviation, and of the United States Marine Corps, including the reserve components of such forces; all field activities, headquarters, forces, bases, installations, activities, and functions under the control or supervision of the Department of the Navy; and the United States Coast Guard when operating as a part of the Navy pursuant to law.

Act of July 26,
1947.

(b) In general the United States Navy, within the Department of the Navy, shall include naval combat and services forces and such aviation as may be organic therein. It shall be organized, trained, and equipped primarily for prompt and sustained combat incident to operations at sea. It shall be responsible for the preparation of naval forces necessary for the effective prosecution of war except as otherwise assigned, and, in accordance with integrated joint mobilization plans, for the expansion of the peacetime components of the Navy to meet the needs of war.

All naval aviation shall be integrated with the naval service as part thereof within the Department of the

Navy. Naval aviation shall consist of combat and service and training forces, and shall include land-based naval aviation, air transport essential for naval operations, all air weapons and air techniques involved in the operations and activities of the United States Navy, and the entire remainder of the aeronautical organization of the United States Navy, together with the personnel necessary therefor.

The Navy shall be generally responsible for naval reconnaissance, antisubmarine warfare, and protection of shipping.

The Navy shall develop aircraft, weapons, tactics, technique, organization, and equipment of naval combat and service elements; matters of joint concern as to these functions shall be coordinated between the Army, the Air Force, and the Navy.

(c) The United States Marine Corps, within the Department of the Navy, shall include land combat and service forces and such aviation as may be organic therein. The Marine Corps shall be organized, trained, and equipped to provide fleet marine forces of combined arms, together with supporting air components, for service with the fleet in the seizure or defense of advanced naval bases and for the conduct of such land operations as may be essential to the prosecution of a naval campaign. It shall be the duty of the Marine Corps to develop, in coordination with the Army and the Air Force, those phases of amphibious operations which pertain to the tactics, technique, and equipment employed by landing forces. In addition, the Marine Corps shall provide detachments and organizations for service on armed vessels of the Navy, shall provide security detachments for the protection of naval property at naval stations and bases, and shall perform such other duties as the President may direct: *Provided*, That such additional duties shall not detract from or interfere with the operations for which the Marine Corps is primarily organized. The Marine Corps shall be responsible, in accordance with integrated joint mobilization plans, for the expansion of peacetime components of the Marine Corps to meet the needs of war.

DEPARTMENT OF THE AIR FORCE

As amended by
sec. 12 (b),
Public Law
216, 81st
Cong., August
10, 1949.

SEC. 207. (a) Within the Department of Defense there is hereby established a military department to be known as the Department of the Air Force, and the Secretary of the Air Force who shall be the head thereof. The Secretary of the Air Force shall be appointed from civilian life by the President by and with the advice and consent of the Senate.

(b) Repealed by section 12, (c), Public Law 216, Eighty-first Congress, August 10, 1949.

Act of July 26,
1947.

(c) The term "Department of the Air Force" as used in this Act shall be construed to mean the Department of

the Air Force at the seat of government and all field headquarters, forces, reserve components, installations, activities, and functions under the control or supervision of the Department of the Air Force.

(d) There shall be in the Department of the Air Force an Under Secretary of the Air Force and two Assistant Secretaries of the Air Force, who shall be appointed from civilian life by the President by and with the advice and consent of the Senate.

(e) The several officers of the Department of the Air Force shall perform such functions as the Secretary of the Air Force may prescribe.

(f) So much of the functions of the Secretary of the Army and of the Department of the Army, including those of any officer of such Department, as are assigned to or under the control of the Commanding General, Army Air Forces, or as are deemed by the Secretary of Defense to be necessary or desirable for the operations of the Department of the Air Force or the United States Air Force, shall be transferred to and vested in the Secretary of the Air Force and the Department of the Air Force: *Provided*, That the National Guard Bureau shall, in addition to the functions and duties performed by it for the Department of the Army, be charged with similar functions and duties for the Department of the Air Force, and shall be the channel of communication between the Department of the Air Force and the several States on all matters pertaining to the Air National Guard: *And provided further*, That, in order to permit an orderly transfer, the Secretary of Defense may, during the transfer period hereinafter prescribed, direct that the Department of the Army shall continue for appropriate periods to exercise any of such functions, insofar as they relate to the Department of the Air Force, or the United States Air Force or their property and personnel. Such of the property, personnel, and records of the Department of the Army used in the exercise of functions transferred under this subsection as the Secretary of Defense shall determine shall be transferred or assigned to the Department of the Air Force.

(g) The Secretary of the Air Force shall cause a seal of office to be made for the Department of the Air Force, of such device as the President shall approve, and judicial notice shall be taken thereof.

UNITED STATES AIR FORCE

SEC. 208. (a) The United States Air Force is hereby established within the Department of the Air Force. The Army Air Forces, the Air Corps, United States Army, and the General Headquarters Air Force (Air Force Combat Command), shall be transferred to the United States Air Force.

As amended by
sec. 12 (d),
Public Law
216, 81st
Cong., August
10, 1949.

Act of July 26,
1947.

(b) There shall be a Chief of Staff, United States Air Force, who shall be appointed by the President, by and with the advice and consent of the Senate, for a term of four years from among the officers of general rank who are assigned to or commissioned in the United States Air Force. Under the direction of the Secretary of the Air Force, the Chief of Staff, United States Air Force, shall exercise command over the United States Air Force and shall be charged with the duty of carrying into execution all lawful orders and directions which may be transmitted to him. The functions of the Commanding General, General Headquarters Air Force (Air Force Combat Command), and of the Chief of the Air Corps and of the Commanding General, Army Air Forces, shall be transferred to the Chief of Staff, United States Air Force. When such transfer becomes effective, the offices of the Chief of the Air Corps, United States Army, and Assistants to the Chief of the Air Corps, United States Army, provided for by the Act of June 4, 1920, as amended (41 Stat. 768), and Commanding General, General Headquarters Air Force, provided for by section 5 of the Act of June 16, 1936 (49 Stat. 1525), shall cease to exist. While holding office as Chief of Staff, United States Air Force, the incumbent shall hold a grade and receive allowances equivalent to those prescribed by law for the Chief of Staff, United States Army. The Chief of Staff, United States Army, the Chief of Naval Operations, and the Chief of Staff, United States Air Force, shall take rank among themselves according to their relative dates of appointment as such, and shall each take rank above all other officers on the active list of the Army, Navy, and Air Force: *Provided*, That nothing in this Act shall have the effect of changing the relative rank of the present Chief of Staff, United States Army, and the present Chief of Naval Operations.

(c) All commissioned officers, warrant officers, and enlisted men, commissioned, holding warrants, or enlisted, in the Air Corps, United States Army, or the Army Air Forces, shall be transferred in branch to the United States Air Force. All other commissioned officers, warrant officers, and enlisted men, who are commissioned, hold warrants, or are enlisted, in any component of the Army of the United States and who are under the authority or command of the Commanding General, Army Air Forces, shall be continued under the authority or command of the Chief of Staff, United States Air Force, and under the jurisdiction of the Department of the Air Force. Personnel whose status is affected by this subsection shall retain their existing commissions, warrants, or enlisted status in existing components of the armed forces unless otherwise altered or

terminated in accordance with existing law; and they shall not be deemed to have been appointed to a new or different office or grade, or to have vacated their permanent or temporary appointments in an existing component of the armed forces, solely by virtue of any change in status under this subsection. No such change in status shall alter or prejudice the status of any individual so assigned, so as to deprive him of any right, benefit, or privilege to which he may be entitled under existing law.

(d) Except as otherwise directed by the Secretary of the Air Force, all property, records, installations, agencies, activities, projects, and civilian personnel under the jurisdiction, control, authority, or command of the Commanding General, Army Air Forces, shall be continued to the same extent under the jurisdiction, control, authority, or command, respectively, of the Chief of Staff, United States Air Force, in the Department of the Air Force.

(e) For a period of three years from the date of enactment of this Act, personnel (both military and civilian), property, records, installations, agencies, activities, and projects may be transferred between the Department of the Army and the Department of the Air Force by direction of the Secretary of Defense.

As amended by
sec. 12 (h),
Public Law
216, 81st
Cong., August
10, 1949.

(f) In general the United States Air Force shall include aviation forces both combat and service not otherwise assigned. It shall be organized, trained, and equipped primarily for prompt and sustained offensive and defensive air operations. The Air Force shall be responsible for the preparation of the air forces necessary for the effective prosecution of war except as otherwise assigned and, in accordance with integrated joint mobilization plans, for the expansion of the peacetime components of the Air Force to meet the needs of war.

Act of July 26,
1947.

EFFECTIVE DATE OF TRANSFERS

SEC. 209. Each transfer, assignment, or change in status under section 207 or section 208 shall take effect upon such date or dates as may be prescribed by the Secretary of Defense.

Act of July 26,
1947.

ARMED FORCES POLICY COUNCIL

SEC. 210. There shall be within the Department of Defense an Armed Forces Policy Council composed of the Secretary of Defense, as Chairman, who shall have power of decision; the Deputy Secretary of Defense; the Secretary of the Army; the Secretary of the Navy; the Secretary of the Air Force; the Chairman of the Joint Chiefs of Staff; the Chief of Staff, United States Army; the Chief of Naval Operations; and the Chief of Staff,

As amended by
sec. 7 (a),
Public Law
216, 81st
Cong., August
10, 1949.

United States Air Force. The Armed Forces Policy Council shall advise the Secretary of Defense on matters of broad policy relating to the armed forces and shall consider and report on such other matters as the Secretary of Defense may direct.

JOINT CHIEFS OF STAFF

As amended by
sec. 7 (b),
Public Law
216, 81st
Cong., August
10, 1949.

SEC. 211. (a) There is hereby established within the Department of Defense the Joint Chiefs of Staff, which shall consist of the Chairman, who shall be the presiding officer thereof but who shall have no vote; the Chief of Staff, United States Army, the Chief of Naval Operations; and the Chief of Staff, United States Air Force. The Joint Chiefs of Staff shall be the principal military advisers to the President, the National Security Council, and the Secretary of Defense.

(b) Subject to the authority and direction of the President and the Secretary of Defense, the Joint Chiefs of Staff shall perform the following duties, in addition to such other duties as the President or the Secretary of Defense may direct:

- (1) preparation of strategic plans and provision for the strategic direction of the military forces;
- (2) preparation of joint logistic plans and assignment to the military services of logistic responsibilities in accordance with such plans;
- (3) establishment of unified commands in strategic areas;
- (4) review of major material and personnel requirements of the military forces in accordance with strategic and logistic plans;
- (5) formulation of policies for joint training of the military forces;
- (6) formulation of policies for coordinating the military education of members of the military forces; and
- (7) providing United States representation on the Military Staff Committee of the United Nations in accordance with the provisions of the Charter of the United Nations.

(c) The Chairman of the Joint Chiefs of Staff (hereinafter referred to as the "Chairman") shall be appointed by the President, by and with the advice and consent of the Senate, from among the Regular officers of the armed services to serve at the pleasure of the President for a term of two years and shall be eligible for one reappointment, by and with the advice and consent of the Senate, except in time of war hereafter declared by the Congress when there shall be no limitation on the number of such reappointments. The Chairman shall receive the basic pay and basic and personal money

allowances prescribed by law for the Chief of Staff, United States Army, and such special pays and hazardous duty pays to which he may be entitled under other provisions of law.

(d) The Chairman, if in the grade of general, shall be additional to the number of officers in the grade of general provided in the third proviso of section 504 (b) of the Officer Personnel Act of 1947 (Public Law 381, Eightieth Congress) or, if in the rank of admiral, shall be additional to the number of officers having the rank of admiral provided in section 413 (a) of such Act. While holding such office he shall take precedence over all other officers of the armed services: *Provided, That* the Chairman shall not exercise military command over the Joint Chiefs of Staff or over any of the military services.

(e) In addition to participating as a member of the Joint Chiefs of Staff in the performance of the duties assigned in subsection (b) of this section, the Chairman shall, subject to the authority and direction of the President and the Secretary of Defense, perform the following duties:

(1) serve as the presiding officer of the Joint Chiefs of Staff;

(2) provide agenda for meetings of the Joint Chiefs of Staff and assist the Joint Chiefs of Staff to prosecute their business as promptly as practicable; and

(3) inform the Secretary of Defense and, when appropriate as determined by the President or the Secretary of Defense, the President, of those issues upon which agreement among the Joint Chiefs of Staff has not been reached.

JOINT STAFF

SEC. 212. There shall be, under the Joint Chiefs of Staff, a Joint Staff to consist of not to exceed two hundred and ten officers and to be composed of approximately equal numbers of officers appointed by the Joint Chiefs of Staff from each of the three armed services. The Joint Staff, operating under a Director thereof appointed by the Joint Chiefs of Staff, shall perform such duties as may be directed by the Joint Chiefs of Staff. The Director shall be an officer junior in grade to all members of the Joint Chiefs of Staff.

As amended
by sec. 7 (c),
Public Law
216, 81st
Cong., August
10, 1949.

MUNITIONS BOARD

SEC. 213. (a) There is hereby established in the Department of Defense a Munitions Board (hereinafter in this section referred to as the "Board").

As amended
by sec. 8,
Public Law
216, 81st
Cong., August
10, 1949.

(b) The Board shall be composed of a Chairman, who shall be the head thereof and who shall, subject to the authority of the Secretary of Defense and in respect to such matters authorized by him, have the power of decision upon matters falling within the jurisdiction of the Board, and an Under Secretary or Assistant Secretary from each of the three military departments, to be designated in each case by the Secretaries of their respective departments. The Chairman shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$14,000 a year.

(c) Subject to the authority and direction of the Secretary of Defense, the Board shall perform the following duties in support of strategic and logistic plans and in consonance with guidance in those fields provided by the Joint Chiefs of Staff, and such other duties as the Secretary of Defense may prescribe:

(1) coordination of the appropriate activities with regard to industrial matters, including the procurement, production, and distribution plans of the Department of Defense;

(2) planning for the military aspects of industrial mobilization;

(3) assignment of procurement responsibilities among the several military departments and planning for standardization of specifications and for greatest practicable allocation of purchase authority of technical equipment and common use items on the basis of single procurement;

(4) preparation of estimates of potential production, procurement, and personnel for use in evaluation of the logistic feasibility of strategic operations;

(5) determination of relative priorities of the various segments of the military procurement programs;

(6) supervision of such subordinate agencies as are or may be created to consider the subjects falling within the scope of the Board's responsibilities;

(7) regrouping, combining, or dissolving of existing interservice agencies operating in the fields of procurement, production, and distribution in such manner as to promote efficiency and economy;

(8) maintenance of liaison with other departments and agencies for the proper correlation of military requirements with the civilian economy, particularly in regard to the procurement or disposition of strategic and critical material and the maintenance of adequate reserves of such material, and making of recommendations as to policies in connection therewith; and

(9) assembly and review of material and personnel requirements presented by the Joint Chiefs of Staff and by the production, procurement, and distribution agencies assigned to meet military needs, and making of recommendations thereon to the Secretary of Defense.

(d) When the Chairman of the Board first appointed has taken office, the Joint Army and Navy Munitions Board shall cease to exist and all its records and personnel shall be transferred to the Munitions Board.

(e) The Secretary of Defense shall provide the Board with such personnel and facilities as the Secretary may determine to be required by the Board for the performance of its functions.

RESEARCH AND DEVELOPMENT BOARD

SEC. 214. (a) There is hereby established in the Department of Defense a Research and Development Board (hereinafter in this section referred to as the "Board"). The Board shall be composed of a Chairman, who shall be the head thereof and who shall, subject to the authority of the Secretary of Defense and in respect to such matters authorized by him, have the power of decision on matters falling within the jurisdiction of the Board, and two representatives from each of the Departments of the Army, Navy, and Air Force, to be designated by the Secretaries of their respective Departments. The Chairman shall be appointed from civilian life by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$14,000 a year. The purpose of the Board shall be to advise the Secretary of Defense as to the status of scientific research relative to the national security, and to assist him in assuring adequate provision for research and development on scientific problems relating to the national security.

As amended by
sec. 9, Public
Law 216, 81st
Cong., August
10, 1949.

(b) Subject to the authority and direction of the Secretary of Defense, the Board shall perform the following duties and such other duties as the Secretary of Defense may prescribe:

(1) preparation of a complete and integrated program of research and development for military purposes;

(2) advising with regard to trends in scientific research relating to national security and the measures necessary to assure continued and increasing progress;

(3) coordination of research and development among the military departments, and allocation among them of responsibilities for specific programs;

(4) formulation of policy for the Department of Defense in connection with research and development matters involving agencies outside the Department of Defense; and

(5) consideration of the interaction of research and development and strategy, and advising the joint Chiefs of Staff in connection therewith.

Act of July 26,
1947.

(c) When the Chairman of the Board first appointed has taken office, the Joint Research and Development Board shall cease to exist and all its records and personnel shall be transferred to the Research and Development Board.

(d) The Secretary of Defense shall provide the Board with such personnel and facilities as the Secretary may determine to be required by the Board for the performance of its functions.

TITLE III—MISCELLANEOUS

COMPENSATION OF SECRETARIES AND DEPUTY SECRETARY

Act of July 26,
1947.

SEC. 301. (a) The Secretary of Defense shall receive the compensation prescribed by law for heads of executive departments.

Amended by
sec. 2, Public
Law 36, 81st
Cong., as
amended by
sec. 10 (a),
Public Law
216, 81st
Cong., August
10, 1949.

(b) The Deputy Secretary of Defense shall receive compensation at the rate of \$14,500 a year, or such other compensation plus \$500 a year as may hereafter be provided by law for under secretaries of executive departments. The Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force shall each receive compensation at the rate of \$14,000 a year, or such other compensation as may hereafter be provided by law for under secretaries of executive departments.

As amended by
sec. 10 (b),
Public Law
216, 81st
Cong., August
10, 1949.

SEC. 302. The Assistant Secretaries of Defense and the Under Secretaries and Assistant Secretaries of the Army, the Navy, and the Air Force shall each receive compensation at the rate of \$10,330 a year or at the rate hereafter prescribed by law for assistant secretaries of executive departments and shall perform such duties as the respective Secretaries may prescribe.

As amended by
sec. 10 (c),
Public Law
216, 81st
Cong., August
10, 1949.

SEC. 303. (a) The Secretary of Defense, the Chairman of the National Security Resources Board, the Director of Central Intelligence, and the National Security Council, acting through its Executive Secretary, are authorized to appoint such advisory committees and to employ, consistent with other provisions of this Act, such part-time advisory personnel as they may deem necessary in carrying out their respective functions and the functions of agencies under their control. Persons holding other offices or positions under the United States for which they receive compensation, while serving as members of such committees, shall receive no additional compensation for such service. Other members of such

committees and other part-time advisory personnel so employed may serve without compensation or may receive compensation at a rate not to exceed \$50 for each day of service, as determined by the appointing authority.

(b) Service of an individual as a member of any such advisory committee, or in any other part-time capacity for a department or agency hereunder, shall not be considered as service bringing such individual within the provisions of section 109 or 113 of the Criminal Code (U. S. C., 1940 edition, title 18, secs. 198 and 203), or section 19 (e) of the Contract Settlement Act of 1944, unless the act of such individual, which by such section is made unlawful when performed by an individual referred to in such section, is with respect to any particular matter which directly involves a department or agency which such person is advising or in which such department or agency is directly interested.

Act of July 26,
1947.

STATUS OF TRANSFERRED CIVILIAN PERSONNEL

SEC. 304. All transfers of civilian personnel under this Act shall be without change in classification or compensation, but the head of any department or agency to which such a transfer is made is authorized to make such changes in the titles and designations and prescribe such changes in the duties of such personnel commensurate with their classification as he may deem necessary and appropriate.

Act of July 26,
1947.

SAVING PROVISIONS

SEC. 305. (a). All laws, orders, regulations, and other actions applicable with respect to any function, activity, personnel, property, records, or other thing transferred under this Act, or with respect to any officer, department, or agency, from which such transfer is made, shall except to the extent rescinded, modified, superseded, terminated, or made inapplicable by or under authority of law, have the same effect as if such transfer had not been made; but, after any such transfer, any such law, order, regulation, or other action which vested functions in or otherwise related to any officer, department, or agency from which such transfer was made shall, insofar as applicable with respect to the function, activity, personnel, property, records or other thing transferred and to the extent not inconsistent with other provisions of this Act, be deemed to have vested such function in or relate to the officer, department, or agency to which the transfer was made.

Act of July 26,
1947.

(b) No suit, action, or other proceeding lawfully commenced by or against the head of any department or agency or other officer of the United States, in his official capacity or in relation to the discharge of his official

duties, shall abate by reason of the taking effect of any transfer or change in title under the provisions of this Act; and, in the case of any such transfer, such suit, action, or other proceeding may be maintained by or against the successor of such head or other officer under the transfer, but only if the court shall allow the same to be maintained on motion or supplemental petition filed within twelve months after such transfer takes effect, showing a necessity for the survival of such suit, action, or other proceeding to obtain settlement of the questions involved.

(c) Notwithstanding the provisions of the second paragraph of section 5 of title I of the First War Powers Act, 1941, the existing organization of the War Department under the provisions of Executive Order Numbered 9082 of February 28, 1942, as modified by Executive Order Numbered 9722 of May 13, 1946, and the existing organization of the Department of the Navy under the provisions of Executive Order Numbered 9635 of September 29, 1945, including the assignment of functions to organizational units within the War and Navy Departments, may, to the extent determined by the Secretary of Defense, continue in force for two years following the date of enactment of this Act except to the extent modified by the provisions of this Act or under the authority of law.

TRANSFER OF FUNDS

Act of July 26,
1947.

SEC. 306. All unexpended balances of appropriations, allocations, nonappropriated funds, or other funds available or hereafter made available for use by or on behalf of the Army Air Forces or officers thereof, shall be transferred to the Department of the Air Force for use in connection with the exercise of its functions. Such other unexpended balances of appropriations, allocations, nonappropriated funds, or other funds available or hereafter made available for use by the Department of War or the Department of the Army in exercise of functions transferred to the Department of the Air Force under this Act, as the Secretary of Defense shall determine, shall be transferred to the Department of the Air Force for use in connection with the exercise of its functions. Unexpended balances transferred under this section may be used for the purposes for which the appropriations, allocations, or other funds were originally made available, or for new expenditures occasioned by the enactment of this Act. The transfers herein authorized may be made with or without warrant action as may be appropriate from time to time from any appropriation covered by this section to any other such appropriation or to such new accounts established on the books of the Treasury as may be determined to be necessary to carry into effect provisions of this Act.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 307. There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act.

Act of July 26,
1947.

DEFINITIONS

SEC. 308. (a) As used in this Act, the term "function" includes functions, powers, and duties.

Act of July 26,
1947.

(b) As used in this Act, the term "Department of Defense" shall be deemed to include the military departments of the Army, the Navy, and the Air Force, and all agencies created under title II of this Act.

As amended by
sec. 12 (e),
Public Law
216, 81st
Cong., August
10, 1949.

SEPARABILITY

SEC. 309. If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

Act of July 26,
1947.

EFFECTIVE DATE

SEC. 310. (a) The first sentence of section 202 (a) and sections 1, 2, 307, 308, 309, and 310 shall take effect immediately upon the enactment of this Act.

Act of July 26,
1947.

(b) Except as provided in subsection (a), the provisions of this Act shall take effect on whichever of the following days is the earlier: The day after the day upon which the Secretary of Defense first appointed takes office, or the sixtieth day after the date of the enactment of this Act.

SUCCESSION TO THE PRESIDENCY

SEC. 311. Paragraph (1) of subsection (d) of section 1 of the Act entitled "An Act to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President", approved July 18, 1947, is amended by striking out "Secretary of War" and inserting in lieu thereof "Secretary of Defense", and by striking out "Secretary of the Navy,".

Act of July 26,
1947.

TITLE IV

PROMOTION OF ECONOMY AND EFFICIENCY THROUGH ESTABLISHMENT OF UNIFORM BUDGETARY AND FISCAL PROCEDURES AND ORGANIZATIONS

Added by sec.
11, Public Law
216, 81st
Cong., August
10, 1949.

COMPTROLLER OF DEPARTMENT OF DEFENSE

SEC. 401. (a) There is hereby established in the Department of Defense the Comptroller of the Department

of Defense, who shall be one of the Assistant Secretaries of Defense.

(b) The Comptroller shall advise and assist the Secretary of Defense in performing such budgetary and fiscal functions as may be required to carry out the powers conferred upon the Secretary of Defense by this Act, including but not limited to those specified in this subsection. Subject to the authority, direction, and control of the Secretary of Defense, the Comptroller shall--

(1) supervise and direct the preparation of the budget estimates of the Department of Defense; and

(2) establish, and supervise the execution of--

(A) principles, policies, and procedures to be followed in connection with organizational and administrative matters relating to--

(i) the preparation and execution of the budgets,

(ii) fiscal, cost, operating, and capital property accounting,

(iii) progress and statistical reporting,

(iv) internal audit, and

(B) policies and procedures relating to the expenditure and collection of funds administered by the Department of Defense; and

(3) establish uniform terminologies, classifications, and procedures in all such matters.

MILITARY DEPARTMENT BUDGET AND FISCAL ORGANIZATION--DEPARTMENTAL COMPTROLLERS

SEC. 402. (a) The Secretary of each military department, subject to the authority, direction, and control of the Secretary of Defense, shall cause budgeting, accounting, progress and statistical reporting, internal audit and administrative organization structure and managerial procedures relating thereto in the department of which he is the head to be organized and conducted in a manner consistent with the operations of the Office of the Comptroller of the Department of Defense.

(b) There is hereby established in each of the three military departments a Comptroller of the Army, a Comptroller of the Navy, or a Comptroller of the Air Force, as appropriate in the department concerned. There shall, in each military department, also be a Deputy Comptroller. Subject to the authority of the respective departmental secretaries, the comptrollers of the military departments shall be responsible for all budgeting, accounting, progress and statistical reporting, and internal audit in their respective departments and for the administrative organization structure and managerial procedures relating thereto. The Secretaries of the military departments may, in their discretion, ap-

point either civilian or military personnel as comptrollers of the military departments. Departmental comptrollers shall be under the direction and supervision of, and directly responsible to, either the Secretary, the Under Secretary, or an Assistant Secretary of the respective military departments: *Provided*, That nothing herein shall preclude the comptroller from having concurrent responsibility to a Chief of Staff or a Chief of Naval Operations, a Vice Chief of Staff or a Vice Chief of Naval Operations, or a Deputy Chief of Staff or a Deputy Chief of Naval Operations, if the Secretary of the military department concerned should so prescribe. Where the departmental comptroller is not a civilian, the Secretary of the department concerned shall appoint a civilian as Deputy Comptroller.

PERFORMANCE BUDGET

SEC. 403. (a) The budget estimates of the Department of Defense shall be prepared, presented, and justified, where practicable, and authorized programs shall be administered, in such form and manner as the Secretary of Defense, subject to the authority and direction of the President, may determine, so as to account for, and report, the cost of performance of readily identifiable functional programs and activities, with segregation of operating and capital programs. So far as practicable, the budget estimates and authorized programs of the military departments shall be set forth in readily comparable form and shall follow a uniform pattern.

(b) In order to expedite the conversion from present budget and accounting methods to the cost-of-performance method prescribed in this title, the Secretary of each military department, with the approval of the President and the Secretary of Defense, is authorized and directed, until the end of the second year following the date of enactment of this Act, to make such transfers and adjustments within the military department of which he is the head between appropriations available for obligation by such department in such manner as he deems necessary to cause the obligation and administration of funds and the reports of expenditures to reflect the cost of performance of such programs and activities. Reports of transfers and adjustments made pursuant to the authority of this subsection shall be made currently by the Secretary of Defense to the President and the Congress.

OBLIGATION OF APPROPRIATIONS

SEC. 404. In order to prevent overdrafts and deficiencies in any fiscal year for which appropriations are made, on and after the beginning of the next fiscal year following the date of enactment of this Act, appropria-

tions made to the Department of Defense or to the military departments, and reimbursements thereto, shall be available for obligation and expenditure only after the Secretary of Defense shall approve scheduled rates of obligation, or modifications thereof: *Provided*, That nothing in this section shall affect the right of the Department of Defense to incur such deficiencies as may be now or hereafter authorized by law to be incurred.

WORKING-CAPITAL FUNDS

SEC. 405. (a) In order more effectively to control and account for the cost of programs and work performed in the Department of Defense, the Secretary of Defense is authorized to require the establishment of working-capital funds in the Department of Defense for the purpose of—

- (1) financing inventories of such stores, supplies, materials, and equipment as he may designate; and
- (2) providing working capital for such industrial-type activities, and for such commercial-type activities as provide common services within or among the departments and agencies of the Department of Defense, as he may designate.

(b) The Secretary of the Treasury is authorized and directed to establish on the books of the Treasury Department at the request of the Secretary of Defense the working-capital funds established pursuant to the authority of this section.

(c) Such funds shall be—

- (1) charged, when appropriate, with the cost of stores, supplies, materials, and equipment procured or otherwise acquired, manufactured, repaired, issued, and consumed and of services rendered or work performed, including applicable administrative expenses; and
- (2) reimbursed from available appropriations or otherwise credited for the cost of stores, supplies, materials, or equipment furnished and of services rendered or work performed, including applicable administrative expenses.

Reports of the condition and operations of such funds shall be made annually to the President and to the Congress.

(d) The Secretary of Defense is authorized to provide capital for such working-capital funds by capitalizing inventories on hand and, with the approval of the President, by transfer, until December 31, 1954, from unexpended balances of any appropriations of the military departments not carried to the surplus fund of the Treasury: *Provided*, That no deficiency shall be incurred in any such appropriation as a result of any such transfer. To the extent that such methods do not, in the

determination of the Secretary of Defense, provide adequate amounts of working capital, there is hereby authorized to be appropriated, out of any moneys in the Treasury not appropriated for other purposes, such sums as may be necessary to provide adequate working capital.

(e) Subject to the authority and direction of the Secretary of Defense, the Secretaries of the military departments shall allocate responsibility within their respective military departments for the execution of functions which each military department is authorized by law to perform in such a manner as to effect the most economical and efficient organization and operation of the activities and use of the inventories for which working-capital funds are authorized by this section.

(f) No greater cost shall be incurred by the requisitioning agency for stores, supplies, materials, or equipment drawn from inventories, and for services rendered or work performed by the industrial-type or commercial-type activities for which working-capital funds are authorized by this section, than the amount of appropriations or funds available for such purposes.

(g) The Secretary of Defense is authorized to issue regulations to govern the operation of activities and use of inventories authorized by this section, which regulations may, whenever he determines the measures set forth in this subsection to be required by the needs of the Department of Defense, and when such measures are authorized by law, permit stores, supplies, materials, and equipment to be sold to, and services to be rendered or work performed for, purchasers or users outside the Department of Defense. In such cases, the working-capital funds involved may be reimbursed by charges against appropriate appropriations or by payments received in cash.

(h) The appraised value of all stores, supplies, materials, and equipment returned to such working-capital funds from any department, activity, or agency, may be charged to the working-capital fund concerned and the proceeds thereof shall be credited to the current appropriations concerned; the amounts so credited shall be available for expenditures for the same purposes as the appropriations credited: *Provided*, That the provisions of this subsection shall not permit credits to appropriations as the result of capitalization of inventories authorized by subsection (d) of this section.

MANAGEMENT FUNDS

SEC. 406. The Act of July 3, 1942 (56 Stat. 645, c. 484), as amended, is hereby further amended to read as follows:

"(a) For the purpose of facilitating the economical and efficient conduct of operations in the Department of

Defense which are financed by two or more appropriations where the costs of the operations are not susceptible of immediate distribution as charges to such appropriations, there are hereby established the Navy Management Fund, the Army Management Fund, and the Air Force Management Fund, each within, and under the direction of the respective Secretaries, of, the Departments of the Navy, Army, or Air Force, as the case may be. There are authorized to be appropriated from time to time such funds as may be necessary to accomplish the purposes of the funds.

"(b) The corpus of the Navy Management Fund shall consist of the sum of \$1,000,000 heretofore transferred to the Naval Procurement Fund from the Naval Emergency Fund (17X0300), which amount, and all balances in, and obligations against, any accounts in the Naval Procurement Fund, are hereby transferred to the Navy Management Fund; the corpus of the Army Management Fund shall consist of the sum of \$1,000,000, which shall be transferred thereto from any unobligated balance of any appropriation available to the Department of the Army; the corpus of the Air Force Management Fund shall consist of the sum of \$1,000,000, which shall be transferred thereto from any unobligated balance of any appropriation available to the Department of the Air Force; in each case together with such additional funds as may from time to time be appropriated to any of said funds. Accounts for the individual operations to be financed under the respective management funds shall be established only upon approval by the Secretary of Defense.

"(c) Expenditures may be made from said management funds from time to time for material (other than material for stock) and for personal and contractual services under such regulations as may be prescribed by the Secretary of Defense: *Provided*, (1) That no obligation shall be incurred against any such fund which is not properly chargeable to available funds under an appropriation of the department within which the fund is established, or, whenever necessary to effectuate purposes authorized by this Act to funds of another department or agency within the Department of Defense, and (2) that each fund shall be promptly reimbursed from the appropriate appropriations of such department for all expenditures properly chargeable thereto. Nothing herein or in any other provision of law shall be construed to prevent advances by check or warrant, or reimbursements to any of said management funds from appropriations of said departments on the basis of the estimated cost of a project, such estimated cost to be revised and necessary appropriation adjustments made when adequate data become available.

“(d) Except as otherwise provided by law, amounts advanced to the management funds under the provisions of this Act shall be available for obligation only during the fiscal year in which they are advanced: *Provided*, That nothing contained in this Act shall alter or limit the authorized period of availability of the funds from which such advances are made. Final adjustments of advances in accordance with actual costs shall be effected with the appropriate funds for the fiscal year in which such funds are advanced.

“(e) The portion of the Naval Appropriation Act, 1945 (58 Stat. 301, 310), relating to the Naval Procurement Fund is hereby repealed.”

ADJUSTMENT OF ACCOUNTS

SEC. 407. (a) When under authority of law a function or an activity is transferred or assigned from one department or agency within the Department of Defense to another such department or agency, the balances of appropriations which are determined by the Secretary of Defense to be available and necessary to finance or discharge the function or activity so transferred or assigned may, with the approval of the President, be transferred to, and be available for use by, the department or agency to which said function or activity is transferred or assigned for any purpose for which said funds were originally available. Balances so transferred shall be credited to any applicable existing appropriation account or accounts, or to any new appropriation account or accounts, which are hereby authorized to be established on the books of the Treasury Department, of the department or organization to which such function or activity is transferred, and shall be merged with funds in the applicable existing or newly established appropriation account or accounts and thereafter accounted for as one fund. Balances transferred to existing accounts shall be subject only to such limitations as are specifically applicable to such accounts and those transferred to new accounts shall be subject only to such limitations as are applicable to the appropriations from which they are transferred.

(b) The number of employees which in the opinion of the Secretary of Defense is required for such transferred functions or activities may, with the approval of the Director of the Bureau of the Budget, be deducted from any personnel maximum or limitation of the department or agency within the Department of Defense from which such function or activity is transferred, and added to any such personnel maximum or limitation of the department or agency to which such function or activity is transferred.

AVAILABILITY OF REIMBURSEMENTS

Sec. 408. To carry out the purposes of this Act, reimbursements made under the authority of the Economy Act (31 U. S. C. 686), and sums paid by or on behalf of personnel of any department or organization for services rendered or supplies furnished, may be credited to authorized replacing or other accounts. Funds credited to such accounts shall remain available for obligation for the same period as the funds in the account so credited and each such account shall constitute one fund on the books of the Treasury Department.

COMMON USE OF DISBURSING FACILITIES

Sec. 409. To the extent authorized by the Secretary of Defense, disbursing officers of the Departments of the Army, Navy, and Air Force may, out of accounts of advances available to them, make disbursements covering obligations arising in connection with any function or activity of any other department or organization within the Department of Defense and charge upon vouchers the proper appropriation or appropriations of the other department or organization: *Provided*, That all said expenditures shall subsequently be adjusted in settlement of disbursing officers' accounts.

REPORTS OF PROPERTY

Sec. 410. The Secretary of Defense shall cause property records to be maintained in the three military departments, so far as practicable, on both a quantitative and monetary basis, under regulations which he shall prescribe. Such property records shall include the fixed property, installations, and major items of equipment as well as the supplies, materials, and equipment held in store by the armed services. The Secretary shall report annually thereon to the President and to the Congress.

REPEALING AND SAVING PROVISIONS

Sec. 411. All laws, orders, and regulations inconsistent with the provisions of this title are repealed insofar as they are inconsistent with the powers, duties, and responsibilities enacted hereby: *Provided*, That the powers, duties, and responsibilities of the Secretary of Defense under this title shall be administered in conformance with the policy and requirements for administration of budgetary and fiscal matters in the Government generally, including accounting and financial reporting, and that nothing in this title shall be construed as eliminat-

ing or modifying the powers, duties, and responsibilities of any other department, agency, or officer of the Government in connection with such matters, but no such department, agency, or officer shall exercise any such powers, duties, or responsibilities in a manner that will render ineffective the provisions of this title.

(NOTE.—The following, although not amendments to any particular sections of the National Security Act of 1947, are pertinent:)

The titles of the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, the Secretary of the Air Force, the Under Secretaries and the Assistant Secretaries of the Departments of the Army, Navy, and Air Force, the Chairman of the Munitions Board, and the Chairman of the Research and Development Board, shall not be changed by virtue of this Act, and the reappointment of the officials holding such titles on the effective date of this Act shall not be required. It is hereby declared to be the intention of Congress that section 203 (a) of the National Security Act of 1947, as amended by section 6 of this Act, shall not be deemed to have created a new office of Deputy Secretary of Defense but shall be deemed to have continued in existence, under a new title, the Office of Under Secretary of Defense which was established by the Act entitled "An Act to amend the National Security Act of 1947 to provide for an Under Secretary of Defense", approved April 2, 1949 (Public Law 36, Eighty-first Congress). The title of the official holding the Office of Under Secretary of Defense on the effective date of this Act shall be changed to Deputy Secretary of Defense and the reappointment of such official shall not be required.

Sec. 12 (f),
Public Law
216, 81st
Cong., August
10, 1949.

All laws, orders, regulations, and other actions relating to the National Military Establishment, the Departments of the Army, the Navy, or the Air Force, or to any officer or activity of such establishment or such departments, shall, except to the extent inconsistent with the provisions of this Act, have the same effect as if this Act had not been enacted; but, after the effective date of this Act, any such law, order, regulation, or other action which vested functions in or otherwise related to any officer, department, or establishment, shall be deemed to have vested such function in or relate to the officer or department, executive or military, succeeding the officer, department, or establishment in which such function was vested. For purposes of this subsection the Department of Defense shall be deemed the department succeeding the National Military Establishment, and the military departments of Army, Navy, and Air Force shall be deemed the departments succeeding the Executive Departments of Army, Navy, and Air Force.

Sec. 12 (g),
Public Law
216, 81st
Cong., August
10, 1949.

Reorganization Plan Numbered 8 of 1949, which was transmitted to the Congress by the President on July 18, 1949, pursuant to the provisions of the Reorganization Act of 1949, shall not take effect, notwithstanding the provisions of section 6 of such Reorganization Act of 1949.

Sec. 12 (1),
Public Law
216, 81st
Cong., August
10, 1949.